

CITY OF DEWITT, IOWA
FINANCIAL STATEMENTS
June 30, 2012

TABLE OF CONTENTS

	PAGE
OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
EXHIBIT	
BASIC FINANCIAL STATEMENTS	17
Government-Wide Financial Statements:	
Statement of Activities and Net Assets - Cash BasisA.....	18
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....B.....	20
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net AssetsC.....	22
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....D.....	23
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Statement of Activities and Net AssetsE.....	25
Notes to Financial Statements.....	26
OTHER INFORMATION	39
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	40
Notes to Other Information - Budgetary Reporting.....	42
SUPPLEMENTAL INFORMATION	43

**TABLE OF CONTENTS
(CONTINUED)**

SUPPLEMENTAL INFORMATION (CONTINUED)	PAGE
SCHEDULE	
Nonmajor Governmental Funds: Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Balances	1.....44
Nonmajor Proprietary Funds: Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Balances	2.....48
Schedule of Indebtedness	3.....50
Bond and Note Maturities	4.....51
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	5.....55
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	56
Schedule of Findings and Responses	58

CITY OF DEWITT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Donald J. Thiltgen	Mayor	January 1, 2016
Verlyn Scheckel	Mayor Pro Tem	January 1, 2016
Steven Hasenmiller	Council Member	January 1, 2014
Dawn Marcus	Council Member	January 1, 2014
Kurt Ketelsen	Council Member	January 1, 2016
Verlyn Scheckel	Council Member	January 1, 2016
Luanne Smith	Council Member	January 1, 2016
Steven M. Lindner	City Administrator	Appointed
Deanna Rekemeyer	Director of Finance/Treasurer	Appointed
Robert J. McGee	City Attorney	Appointed
Matt Proctor	Director of Public Works	Appointed
David Porter	Chief of Police	Appointed
Cathie Benthin	City Clerk/Safety Coordinator	Appointed
Kevin Lake	Director of Parks & Recreation	Appointed
Giles Looney	Building Official	Appointed
Kevin Rice	City Forester	Appointed

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City of DeWitt, Iowa's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeWitt, Iowa's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt, Iowa as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012 on our consideration of the City of DeWitt, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 16 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeWitt, Iowa's basic financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2011 (which is not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements of the City of DeWitt, Iowa for the six years ended June 30, 2009 (which are not presented herein) were audited by other auditors and expressed unqualified opinions on those statements which were prepared in conformity with an other comprehensive basis of accounting. The Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds, Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Proprietary Funds, Schedule of Indebtedness, Bond and Note Maturities and Schedule of Revenues by Source and Disbursements by Function - All Governmental Funds, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
November 28, 2012

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

This discussion and analysis is intended to be an easily readable analysis of the City of DeWitt's financial activities for the fiscal year ended June 30, 2012 based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the City's financial statements that begin on page 17.

Basis of Accounting

The City has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Report Layout

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 implements a model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report. Besides the Management's Discussion and Analysis (MD&A), the report consists of a Statement of Activities and Net Assets, fund financial statements, notes to the financial statements, required supplemental information and other supplemental information. The first statement is highly condensed and presents a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, and capital projects. Business-type activities are water, sewer, garbage and recycling collection, and storm water utility.

City as a Whole

Statement of Activities and Net Assets

The focus of the Statement of Activities and Net Assets is to present the major program costs and match major resources with each. To the extent a program's cost is not recovered by grants, donations and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

To aid in the understanding of the Statement of Activities and Net Assets, some additional explanation is given. First, all receipts and disbursements are categorized as either governmental activities or business-type activities.

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Second, of particular interest is the format that is significantly different than a typical Statement of Receipts, Disbursements, and Changes in Cash Balances. You will notice that disbursements are listed in the first column with receipts from that particular program reported to the right. The result is a Net (Disbursement)/Receipt. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general receipts or if it is self-financing through fees and grants or contributions. All other governmental receipts are reported as general. It is important to note that all taxes and bond proceeds are classified as general receipts even if restricted for a specific purpose.

Fund Financial Statements

Following the Statement of Activities and Net Assets is a section containing fund financial statements. In the Statements of Cash Receipts, Disbursements and Changes in Cash Balances the City's major funds are presented in their own column and the remaining funds are combined into a column titled "Nonmajor Funds." Readers who wish to obtain information on nonmajor funds can find it in the Combining Schedules of Cash Receipts, Disbursements and Changes in Cash Balances. The City has two kinds of funds as follows:

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The City's major governmental funds are the General Fund, the DeWitt Economic Development TIF Special Revenue Fund, the Local Option Sales Tax Fund, the Road Use Tax Debt Service Fund, the DeWitt Economic Development TIF Debt Service Fund and the 11th Street Widening Capital Projects Fund. All other governmental funds are aggregated in a single column entitled "Nonmajor Governmental Funds". Governmental funds are further broken down into the following activities:

Public Safety - This category includes police operations including reserves, civil service commission, emergency management, fire protection, ambulance service, building inspections, and animal control services.

Public Works - This category includes roads, bridges, and sidewalks, equipment replacement, street lighting, traffic safety, snow removal, and compost facility.

Health and Social Services - This category includes welfare assistance and referral building maintenance.

Culture and Recreation - This category includes library services, parks, recreation, aquatic center operations, cemetery, community center, and fitness center operations.

Community and Economic Development - This category includes community betterment, trees forever, economic development, housing, TIF, planning and zoning, and community activities.

General Government - This category includes mayor/administrator, city council, director of finance/city clerk, elections, legal services, city hall, insurance, and safety program.

Debt Service - This category includes general, TIF, and road use debt service.

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Capital Projects - This category includes the 2011 Housing Grant, the Westbrook Baseball Diamond Improvements, the 11th Street Widening Project, the 11th Street West Project, the East Side Storm Water Project, the 6th Ave. Reconstruction Project, the Springbrook Road 17th/Street Capital Project and the Inflow/Infiltration Project.

Business-type (Proprietary) Funds - Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business-type activities. When the City charges customers for the services it provides, these services are generally reported in business-type or proprietary funds. These are self-sufficient funds. The City's major business-type funds are the Water Utility Fund, the Sewer Utility Fund, the Water Revenue Sinking Fund and the Sewer Revenue Sinking Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Governmental Activities

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$6,596,884 to \$5,147,624. The analysis that follows focuses on the changes in cash balances for governmental activities.

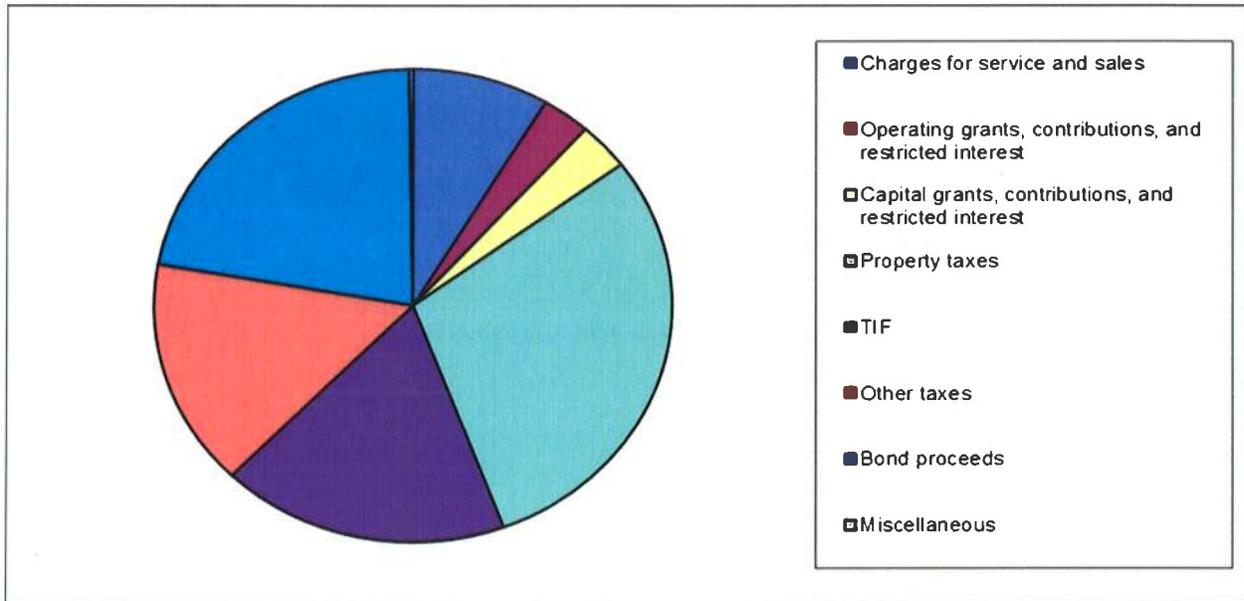
Changes in Cash Basis Net Assets of Governmental Activities

	<u>2012</u>	<u>2011</u>
Receipts:		
Program receipts:		
Charges for service	\$ 655,531	\$ 643,362
Operating grants, contributions, and restricted interest	235,944	335,486
Capital grants, contributions, and restricted interest	288,110	229,601
General receipts:		
Property tax	3,651,092	3,553,863
Utility excise tax	59,158	58,404
Hotel/motel tax	20,027	17,433
Local option sales tax	608,005	561,697
Road use tax	504,798	466,757
Unrestricted interest on investments	13,454	14,373
Bond proceeds	1,690,000	2,570,000
Miscellaneous	4,208	38,104
Sale of capital assets	<u>1,830</u>	<u>60,000</u>
Total receipts	<u>7,732,157</u>	<u>8,549,080</u>
 Disbursements:		
Public safety	1,121,924	1,032,238
Public works	700,800	509,679
Health and social services	20,150	8,629
Culture and recreation	1,139,498	1,069,948
Community and economic development	173,317	140,384
General government	359,473	358,670
Debt service	2,727,388	4,377,277
Capital projects	<u>2,898,513</u>	<u>2,418,967</u>
Total disbursements	<u>9,141,063</u>	<u>9,915,792</u>
 Change in cash basis net assets before transfers	(1,408,906)	(1,366,712)
Transfers, net	<u>(40,354)</u>	<u>-</u>
Change in cash basis net assets	(1,449,260)	(1,366,712)
Cash basis net assets, beginning of year	<u>6,596,884</u>	<u>7,963,596</u>
Cash basis net assets, end of year	<u>\$ 5,147,624</u>	<u>\$ 6,596,884</u>

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

For the year ended June 30, 2012, the City's governmental activities were funded as follows:

Sources of Funds for Governmental Activities

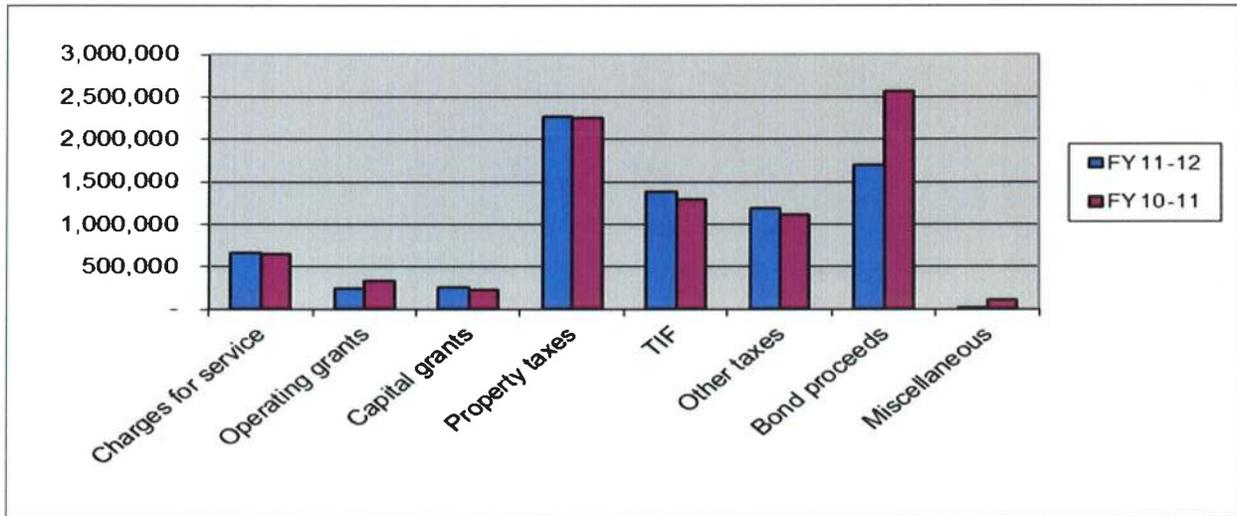


Governmental program receipts changed as compared to the prior year in several areas. Receipts overall decreased by approximately \$817,000 due to multiple factors the largest of which include changes in operating grants and bond proceeds revenues. However the majority of revenue types increased. Major differences by receipt source are outlined below. Charges for service receipts increased by 1.9% over last year. Animal licensing fees were doubled and many recreation fees were raised slightly. Operating grants, contributions, and restricted interest receipts decreased by nearly 30%. The largest difference in the public safety area is that last fiscal year the county repaid the money loaned to them for the law center. This was a one time situation. The difference in public works is in large part due to repayments and a rebate for the updated LED street lights. The difference in culture and recreation is due mostly to the receipt of over \$14,000 more for county library assistance. There was a significant increase in community and economic development. This is due to receipt of a housing grant reimbursement this year of \$4,657, the receipt of a CAT marketing grant, Alliant Hometown Rewards grant and reimbursement of legal fees for development agreements. Debt service interest revenue decreased very slightly by only \$100 as interest rates continue to fall. Interest in the capital projects area decreased from last year in the various capital project funds with balances decreasing significantly as projects were competed. The major change is an over \$71,000 decrease in donations recorded for the 6th Avenue project. Capital grants, contributions, and restricted interest increased by over \$58,000 as compared to the previous year. These change annually depending on what projects are in process and where they are in the process. This is largely attributable to the 11th Street widening project for which grant funds received this year totaled \$67,202 as compared to none last fiscal year. Property tax receipts were up very slightly by about \$8,200. TIF receipts were up by about 6.8% (just under \$89,000) due to a combination of asking for \$50,000 more and collections being low last year and high this year.

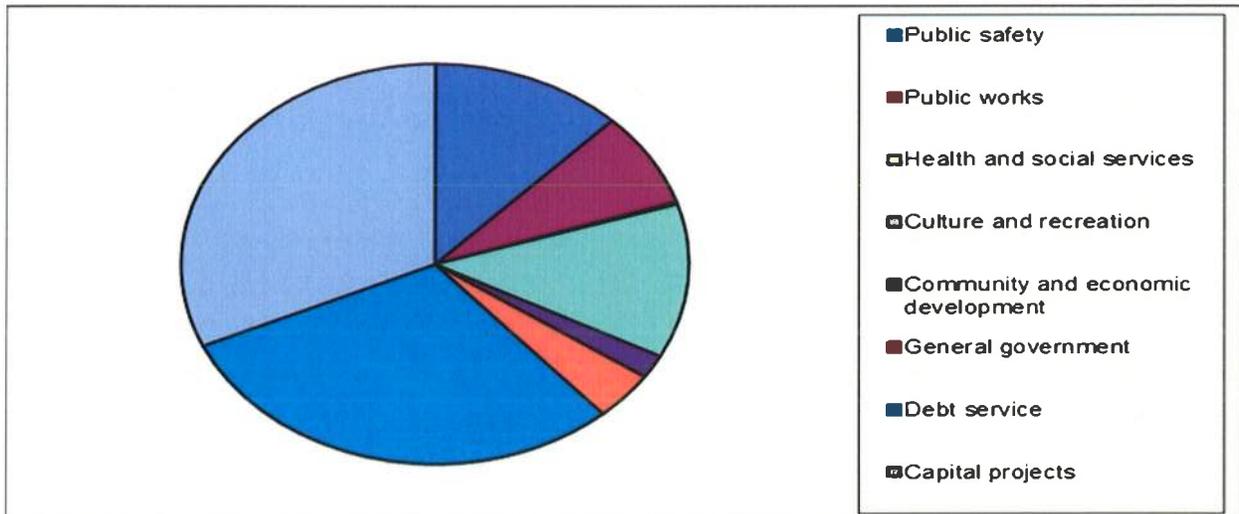
**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Other tax receipts increased by over \$87,000. As several of these are affected by the economy this is a good sign. Local option sales tax receipts increased by \$46,000 while road use tax receipts increased by \$38,000. Bond proceeds decreased from \$2,570,000 to \$1,690,000. The current year bond issue was for refunding the 2005 road use revenue bonds and funds for the 11th Street overlay project. Last fiscal year was to refund the 2006 general obligation bonds. These refunding issues continue to save interest costs. Miscellaneous receipts decreased by about \$34,000 due to receipt of less reimbursements/refunds. Sale of capital asset revenue dropped from \$60,000 in sale of property to the library board last year to \$1,830 for old police equipment this year.

Total governmental receipts this year as compared to last fiscal year are shown in the following graph.



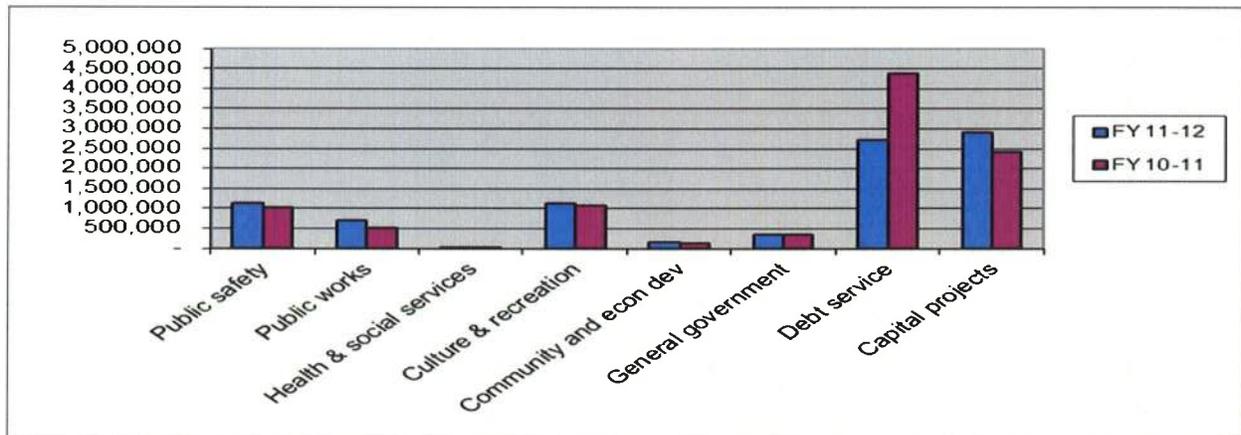
Uses of Funds in Governmental Activities



**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Governmental program disbursements are about 7.8% less in total as compared to the prior year however, some categories have changed more significantly than others. Public safety disbursements increased only about 8.6%. This is in part due to an increase in 411 retirement costs. Public works disbursements increased significantly by 37.5%. This is mostly due to replacement of street lights with LED lights (almost \$152,000) but also more street maintenance done this year as compared to last year. Disbursements for health and social services increased by over 133% (only \$11,500) due to repairs done at the Referral Center. Last fiscal year very little maintenance was required but this year the roof was replaced and the double doors were also replaced. Culture and recreation disbursements increased 6.5%. This is in part due to the Hoops for Little Trees project, the dog park project and wages exceeding budgeted amounts. Community and economic development disbursements increased by over 23% or nearly \$33,000. This was due to the first year of the Hafner rebate agreement. The general government disbursements increased by \$803. Debt service disbursements decreased by about 37% due to the refunding of the 2006 general obligation bond issue last fiscal year. Capital project disbursements increased by about 19.8% over the previous year. This was mainly due to the 11th Street widening project and stimulus project but was also affected by the 17th St/18th Ave project, both of the 2008 and 2011 housing grants and all the other capital projects. 11th Street widening was nearly complete by the end of the current fiscal year. The stimulus project was completed last fiscal year. Most of the rest of the projects were in process during the current year. The FY08 projects did not get started as quickly as expected so many of these disbursements fell in FY09 and many continued in FY10 and FY11. Some of these projects and the FY09 projects were behind anticipated schedules. Several projects were completed or nearly completed this year. The 2011 housing grant and 11th Street west projects were started but the majority of these costs will be next fiscal year.

The total governmental disbursements this year as compared to last fiscal year are shown in the graph below.



**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Business-type Activities

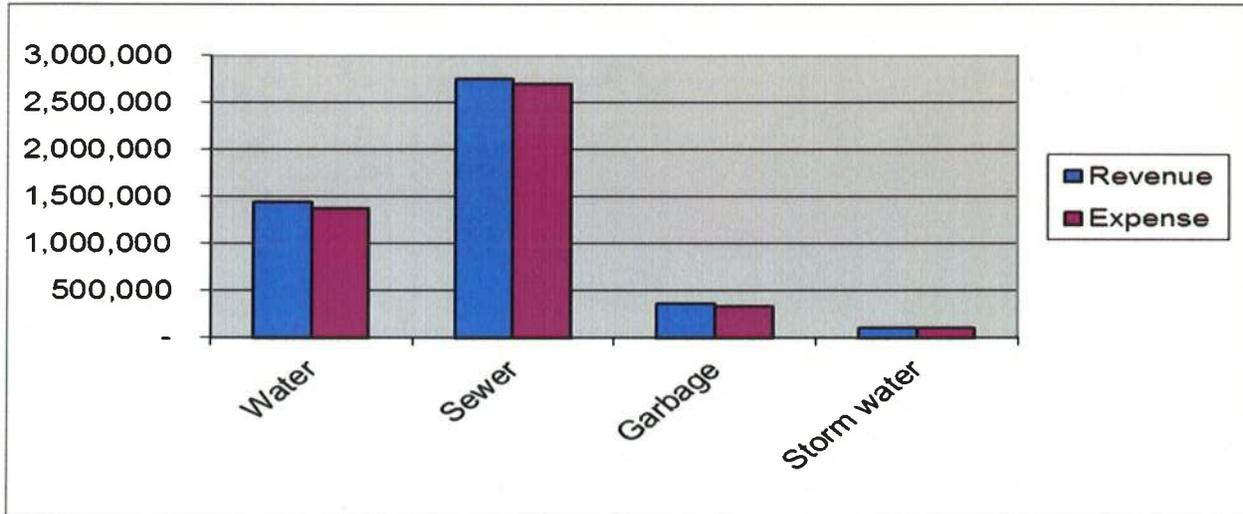
Changes in Cash Basis Net Assets of Business Type Activities

	<u>2012</u>	<u>2011</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 627,799	\$ 587,477
Sewer	848,863	850,286
Garbage and recycling collection	361,311	356,048
Storm water utility	100,055	97,788
Operating grants, contributions, and restricted interest	81,486	62,173
General receipts:		
Bond proceeds	<u>2,642,000</u>	<u>-</u>
Total receipts	<u>4,661,514</u>	<u>1,953,772</u>
 Disbursements:		
Water	1,373,037	603,234
Sewer	2,698,522	823,628
Garbage and recycling collection	328,514	347,332
Storm water utility	<u>103,080</u>	<u>66,909</u>
Total disbursements	<u>4,503,153</u>	<u>1,841,103</u>
 Change in cash basis net assets before transfers	158,361	112,669
 Transfers, net	<u>40,354</u>	<u>-</u>
 Change in cash basis net assets	198,715	112,669
 Cash basis net assets, beginning of year	<u>2,711,755</u>	<u>2,599,086</u>
 Cash basis net assets, end of year	<u>\$ 2,910,470</u>	<u>\$ 2,711,755</u>

Total business-type activities receipts for the fiscal year were \$4,661,514 compared to \$1,953,772 last year. Total disbursements for the fiscal year increased from \$1,841,103 to a total of \$4,503,153.

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

For the year ended June 30, 2012, the City's business-type activities, receipts, and disbursements were as follows:



The water receipts are up significantly as compared to last fiscal year. This is due mostly to bond proceeds for the 2012 refunding bond issue. Charges for services increased 6.8% due to a combination of increased metered sales revenue in the current year and increases in refunds/reimbursement and miscellaneous revenues. Water rates increased by 3% in May 2011. Several meters were sold this year to an apartment complex changing from one meter to individual meters for each unit. This totaled \$3,400. The City also received insurance reimbursement for over \$17,000 of well repairs made in the previous year. Water disbursements also increased significantly by over 127%. Most of the increase in expense is due to the refunding of the 2005 bond issue. Other water expenses remained very similar to last year. The sewer fund receipts and disbursements increased mostly due to a refunding bond issue. Excluding bond proceeds the other sewer revenues decreased slightly. This is due in part to a decrease in usage by a large industrial user. Sewer rates remained the same. Refunds and miscellaneous revenues decreased drastically from \$19,810 to \$3,559 due to multiple insurance reimbursements last year. However other miscellaneous revenue are up from \$7,890 to \$20,190 with receipt of Silver Creek tap on fees. Excluding the payoff of previous SRF bonds with bond proceeds, sewer expenses increased in total by less than \$5,000. The garbage and recycling collection fund receipts increased with an increase in households. Garbage and recycling expenses decreased by 5.4% due to a decrease in the cost of the garbage contract. The storm water system has now been in place for nine years. Receipts increased slightly by 2.3%. This is partially due to a review of records to make sure all properties are paying this fee every month. This fee is a set amount rather than based on any type of usage. Disbursements increased by 54%. This is due to a smoke testing done this year.

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Individual Major Governmental Fund Analysis

As the City completed the year, its governmental funds reported a combined fund balance of \$5,138,409, a decrease of \$1,448,321 below last year's total of \$6,586,730. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance. This increase was due to general fund expenses in total being less than anticipated. For example \$40,000 was budgeted for professional fees for the library expansion that were not expended. Also the ambulance support payment was not requested this year. In addition some reserves were increased including the Fire Equipment reserve (up \$39,914) and the Hotel/motel tax reserve (up \$5,781) while other reserves decreased with covering operational costs which also decreased transfers from unreserved general fund.
- The Special Revenue, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$443,645, an increase of \$243,649 from the previous year. The increase was the result of timing of TIF collections and current year debt payments. The City Council had been keeping the TIF debt certification steady to avoid increasing/decreasing year to year. However this year the amount requested increased by \$50,000. We accumulate funds to pre-pay TIF debt when it is callable and sufficient funds are available. Last fiscal year tax collections were below the requested amount and this year they exceeded the requested amount simply due to tax collections.
- The Local Option Sales Tax Fund ended the fiscal year with a cash balance of \$420,219, a decrease of \$40,550 from the previous year. The decrease was due to use of funds on hand to install new LED street lights (\$151,845) of which one half the cost will be repaid thru a grant. These new lights should decrease energy usage.
- The Debt Service, Road Use Tax Fund cash balance decreased from \$28,682 to \$0. This decrease was due to the refunding of the 2005 road use revenue bond issue. This was reissued as a GO issue; therefore this fund is no longer necessary.
- The Debt Service, DeWitt Economic Development TIF Fund ended the fiscal year with a cash balance of \$355. Funds are transferred in from the Special Revenue, DeWitt Economic Development TIF Fund in order to make bond principal and interest payments as required.
- The Capital Projects, 11th Street Widening Fund ended the fiscal year with a cash balance of \$(4,422). This negative balance is due to installation of private property sidewalks as part of the project. Property owners have been allowed up to 5 years to repay these costs. As of June 30, five of the seven property owners have already repaid the amounts they owed.

Individual Major Proprietary Fund Analysis

- The Enterprise, Water Utility Fund cash balance increased by \$55,941 to \$554,577. The increase is due to actual expenses being less than budgeted and revenues exceeding original budget. Metered sales revenue was \$15,195 less than budgeted but both refunds/reimbursements and other miscellaneous revenues were much larger than originally budgeted. This combined with lower expenses than anticipated such as part-time salaries due to a part-time position remaining unfilled all year and another unfilled for the spring to fall 2012 season.

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

- The Enterprise, Sewer Utility Fund cash balance increased by \$38,354 to \$838,879, due primarily to expenses in total being under budget. This is a combination of several line items including part-time salary expense as above in water utility fund and items like sewer rehab that was underspent by \$26,781 and utility costs that were underspent by \$15,665.
- The Enterprise, Water Revenue Sinking Fund cash balance increased by \$2,218 to \$2,991. The increase is due to refunding the previous SRF water revenue bonds. Issuance costs are estimated and bonding is rounded up to the nearest \$1,000.
- The Enterprise, Sewer Revenue Sinking Fund cash balance increased from \$0 to \$749. The increase is due to refunding the previous SRF sewer revenue bonds. Issuance costs are estimated and bonding is rounded up to the nearest \$1,000.

Budgetary Highlights

The City Council approved two budget amendments during the year. The first amendment was to increase receipts and increase disbursements. Increases were made for interest, donations, miscellaneous revenues and bond proceeds for a refunding issue and for 11th Street West. Summer camp revenue was deleted and grant revenues increased. For expenses increases were made in police department, street maintenance, Pauley memorial, payoff of the 2005 bond and replacement of 3 motors at the sewer plant. Increases were also made in various capital projects due to timing of projects and addition of the 2011 HOAP grant. The Hafner rebate amount was decreased and summer camp expenses were removed. The second budget amendment included increases in local option sales tax revenue, interest, LED street light grant, donations, miscellaneous revenue and bond proceeds for 3 refunding issues. Disbursement adjustments included LED street light replacement, street maintenance, Hoops for Little Trees, dog park project, bonding costs and refunding of 3 bond issues. Increases and decreases were also included in various capital projects due to timing of projects.

Debt Administration

As of year-end, the City had \$15,759,000 in debt outstanding compared to \$16,496,214 in 2011.

Outstanding Debt at Year End

	Totals	
	<u>2012</u>	<u>2011</u>
Governmental		
General obligation	\$ 13,360,000	\$ 12,830,000
Road use refunding	-	1,085,000
DNR loan	-	9,214
Subtotal	<u>13,360,000</u>	<u>13,924,214</u>
Business-type		
Water revenue	705,000	749,000
Sewer revenue	<u>1,694,000</u>	<u>1,823,000</u>
Subtotal	<u>2,399,000</u>	<u>2,572,000</u>
Total	<u>\$ 15,759,000</u>	<u>\$ 16,496,214</u>

CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

There were four new bond issues during the year. The 2012 General Obligation Refunding Bonds included funds to prepay the 2005 Road Use Revenue Bonds. The 2012 TIF Bonds were to finance the 11th Street West project. The 2012 Water Revenue and 2012 Sewer Revenue Bonds were both issued to refund three previous SRF loans. One was in water and two were in sewer. The City is at 79.8% of its bonding capacity up very slightly from 78.2% at June 30, 2011. This is partially due to changing a road use revenue bond to a GO bond. For more detailed information on the City's debt and amortization terms refer to Schedules 3 and 4 and Note 3 which is on pages 30 - 34.

TIF Rebates

The City has eight TIF rebate agreements with seven different industries/developers. The agreements each require a specific amount of taxes to be paid in order to receive the whole rebate amount. Taxes to be paid are based on an estimate of taxable value added at the time of development or expansion. Any underpayment of taxes results in a reduction of the rebate to be paid to the industry. Some agreements also include job creation requirements that must be met to qualify for the rebate. One of the agreements is an upfront grant that must be repaid to the City by the industry if incremental taxes fall below the amount agreed to in the development agreement. That agreement for the current year had the requirements met. Therefore, the industry did not have to make any repayment to the City. One of the agreements started in the current year. This one is a housing development agreement with LMI requirements. This developer received payments based on incremental taxes paid. One received 100% of the annual specified payment, two received partial payments, and one other had not met the development requirements so received no payment for 2012. One agreement has not yet started. Each agreement is written so that each year stands alone.

Economic Factors

Property taxes are important to the City, they represent approximately 21% of total program resources excluding other financing sources. This percentage is lower than last year due to the amount of bond proceeds in the current year. Property taxes were less than expected by just over \$18,000 due to unpaid taxes. TIF revenues comprised just under 13% of revenues. Normally the largest resource, at just over 22%, comes from fees and charges for services and includes utility charges. This year this is the second highest resource due to the amount of bond proceeds this year. Intergovernmental revenue was less this year at over 8%. This year miscellaneous revenue was the highest at 27%. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly. During fiscal year 2011-2012 the City increased animal licensing and many recreation related fees and charges. Interest revenues have been down. Drastic utility and gasoline rate increases have adversely affected the City's operating disbursements. The City has taken some measures in the past couple of years to increase energy efficiency. Gasoline prices have continued to rise and fall but down slightly from last fiscal year. The extreme weather over the past few years has also adversely affected the City's operating costs. Ice storms, excessive snows, and strong winds required much more labor and materials costs than normal. The overall economic situation has also negatively impacted collection of items like utility payments as more citizens are unemployed or underemployed. This is starting to get better but is slow to recover.

**CITY OF DEWITT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Next Year's Budget and Rates

For the year ending June 30, 2013, the general fund has been budgeted fairly consistently with this year. However, the budget does include new part-time police officers to cover for full-time officers on active duty, costs for replacement of the police captain due to Captain Osmon's retirement scheduled for March 31, 2013, a new police vehicle, oscillating blitz nozzle for fire department, new car for building official, portable pitching mounds, replacement of the pool heater at the aquatic center, new mower for cemetery, and new weight equipment at the fitness center. The snow budget includes a skid snow blower and a new plow truck. The emergency tax levy is not being utilized. 411 rates are increasing from 24.76% to 26.12%. A new pickup is budgeted for the street department. The SSMID is budgeted to have a part-time employee water the planters and hanging baskets instead of contracting this service out. Capital projects being budgeted in governmental activities for next year include south 6th Avenue reconstruction, 11th Street West, east 8th Street reconstruction, planning for new police station, a study for a combined public works facility feasibility, replacement of the pedestrian bridge on the Silver Creek Trail, and the remainder of the 2011 HOAP grant. Legislative changes passed the last several years already have and will continue to negatively impact the city's budget. Property tax credit reimbursements and machinery and equipment reimbursements continue to be funded at less than 100%. The state consolidated payment was eliminated completely. Bank franchise fee revenue has been eliminated completely. Utility tax replacement revenue has been negatively impacted by a state settlement with Alliant Energy which reduced revenue. Consolidation and service sharing issues continue to be discussed at the state level with some proposals giving incentives and others giving sanctions to those cities that cannot meet participation levels. A committee is to provide feedback to the legislature on all credits and items such as TIF. The rollback and other taxation issues such as reclassification of specific types of property continue to erode the tax bases for cities. Property tax issues such as a commercial and industrial rollback of up to 60%, coupling commercial with residential and ag land values, and limiting property tax growth to a CPI were discussed to the final day this past legislative session. It is expected these will reappear this year. Much discussion also continues in regard to TIF and other economic development issues. Many changes to TIF were discussed this past session that would have very negative impacts. It is expected for these to be continued to be proposed in future years. Union rights will also continue to be discussed with several proposals that would have a very negative impact on cities. The water utility budget includes \$80,000 to clean and repaint the ground storage tank. \$15,000 is also included to close some water loops. Water rates are remaining the same. Sewer rates are increasing 3%. Sewer utility budget includes cleaning the primary digester and painting the clarifier. Storm water utility budget again includes more funds for additional smoke testing. The garbage budget is higher than last years' budget. The intent is to be able to hold the garbage rate steady for several years. The garbage contract this past year includes going to garbage totes for collection. Totes were distributed earlier this year.

Financial Contact

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Director of Finance at 510 9th Street, P.O. Box 407, DeWitt, Iowa 52742 or telephone 563-659-3811.

Deanna Rekemeyer
Director of Finance

BASIC FINANCIAL STATEMENTS

CITY OF DEWITT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	<u>Disbursements</u>	Program Receipts		
		<u>Charges for Service and Sales</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
Governmental activities:				
Public safety	\$ 1,121,924	\$ 121,508	\$ 44,592	\$ -
Public works	700,800	5,218	14,447	5,881
Health and social services	20,150	2,200	380	-
Culture and recreation	1,139,498	488,649	124,595	32,500
Community and economic development	173,317	1,102	19,793	-
General government	359,473	36,854	13,451	-
Debt service	2,727,388	-	7,478	-
Capital projects	2,898,513	-	11,208	249,729
Total governmental activities	9,141,063	655,531	235,944	288,110
Business-type activities:				
Water	1,373,037	627,799	39,934	-
Sewer	2,698,522	848,863	37,783	-
Garbage and recycling collection	328,514	361,311	413	-
Storm water utility	103,080	100,055	3,356	-
Total business-type activities	4,503,153	1,938,028	81,486	-
Total	\$ 13,644,216	\$ 2,593,559	\$ 317,430	\$ 288,110

General receipts:
Property tax levied for:
 General purposes
Tax increment financing
Utility excise tax
Hotel/motel tax
Local option sales tax
Road use tax
Unrestricted investment earnings
Bond proceeds
Miscellaneous
Sale of capital assets
Transfers

Total general receipts

CHANGE IN CASH BASIS NET ASSETS

CASH BASIS NET ASSETS BEGINNING OF YEAR

CASH BASIS NET ASSETS END OF YEAR

CASH BASIS NET ASSETS

Restricted:
Nonexpendable:
 Cemetery perpetual care
Expendable:
 Urban renewal purposes
 Streets
 Debt service
 Capital improvements and equipment
 Library
 Other purposes
Unrestricted

Total cash basis net assets

EXHIBIT A

**Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (955,824)	\$ -	\$ (955,824)
(675,254)	-	(675,254)
(17,570)	-	(17,570)
(493,754)	-	(493,754)
(152,422)	-	(152,422)
(309,168)	-	(309,168)
(2,719,910)	-	(2,719,910)
<u>(2,637,576)</u>	<u>-</u>	<u>(2,637,576)</u>
<u>(7,961,478)</u>	<u>-</u>	<u>(7,961,478)</u>
-	(705,304)	(705,304)
-	(1,811,876)	(1,811,876)
-	33,210	33,210
-	331	331
<u>-</u>	<u>(2,483,639)</u>	<u>(2,483,639)</u>
<u>(7,961,478)</u>	<u>(2,483,639)</u>	<u>(10,445,117)</u>
2,264,327	-	2,264,327
1,386,765	-	1,386,765
59,158	-	59,158
20,027	-	20,027
608,005	-	608,005
504,798	-	504,798
13,454	-	13,454
1,690,000	2,642,000	4,332,000
4,208	-	4,208
1,830	-	1,830
<u>(40,354)</u>	<u>40,354</u>	<u>-</u>
<u>6,512,218</u>	<u>2,682,354</u>	<u>9,194,572</u>
(1,449,260)	198,715	(1,250,545)
<u>6,596,884</u>	<u>2,711,755</u>	<u>9,308,639</u>
<u>\$ 5,147,624</u>	<u>\$ 2,910,470</u>	<u>\$ 8,058,094</u>
\$ 179,027	\$ -	\$ 179,027
471,584	-	471,584
954,974	-	954,974
20,642	3,740	24,382
1,140,710	-	1,140,710
791,808	-	791,808
90,580	1,193,078	1,283,658
<u>1,498,299</u>	<u>1,713,652</u>	<u>3,211,951</u>
<u>\$ 5,147,624</u>	<u>\$ 2,910,470</u>	<u>\$ 8,058,094</u>

CITY OF DEWITT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2012

	<u>General</u>	<u>Special Revenue</u>	
		<u>DeWitt Economic Development TIF</u>	<u>Local Option Sales Tax</u>
RECEIPTS			
Property taxes	\$ 1,347,126	\$ -	\$ -
Tax increment financing collections	-	1,386,765	-
Other city taxes	56,655	-	608,005
Licenses and permits	78,974	-	2,879
Use of money and property	71,079	2,346	3,902
Intergovernmental	142,475	-	5,881
Charges for services	461,816	-	698
Miscellaneous	138,016	5,500	7,009
Total receipts	<u>2,296,141</u>	<u>1,394,611</u>	<u>628,374</u>
DISBURSEMENTS			
Governmental activities:			
Public safety	990,109	-	-
Public works	27,674	-	390,722
Health and social services	20,144	-	-
Culture and recreation	1,139,194	-	-
Community and economic development	67,798	95,239	-
General government	359,377	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>2,604,296</u>	<u>95,239</u>	<u>390,722</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(308,155)</u>	<u>1,299,372</u>	<u>237,652</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of bonds	-	-	-
Sale of capital assets	1,830	-	-
Operating transfers in	488,638	-	-
Operating transfers out	(14,891)	(1,055,723)	(278,202)
Total other financing sources (uses)	<u>475,577</u>	<u>(1,055,723)</u>	<u>(278,202)</u>
NET CHANGE IN CASH BALANCES	167,422	243,649	(40,550)
CASH BALANCES BEGINNING OF YEAR	<u>2,474,883</u>	<u>199,996</u>	<u>460,769</u>
CASH BALANCES END OF YEAR	<u>\$ 2,642,305</u>	<u>\$ 443,645</u>	<u>\$ 420,219</u>
CASH BASIS FUND BALANCES			
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -
Restricted for:			
Urban renewal purposes	-	443,645	-
Streets	-	-	420,219
Debt service	-	-	-
Capital improvements and equipment	-	-	-
Library	791,808	-	-
Other purposes	4,758	-	-
Assigned for:			
Fire department	394,274	-	-
Recreation	51,045	-	-
Library	4,115	-	-
Referral center	21,381	-	-
Sidewalk loans	2,000	-	-
Tree project	1,704	-	-
Future equipment purchases	50,477	-	-
Unassigned	1,320,743	-	-
Total cash basis fund balances	<u>\$ 2,642,305</u>	<u>\$ 443,645</u>	<u>\$ 420,219</u>

EXHIBIT B

Debt Service		Capital Project	Nonmajor	
Road Use	DeWitt Economic Development TIF	11th Street Widening	Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 917,201	\$ 2,264,327
-	-	-	-	1,386,765
-	-	-	22,529	687,189
-	-	-	-	81,853
3,757	2,554	1,006	10,906	95,550
-	-	67,202	657,433	872,991
-	-	-	250	462,764
-	-	18,672	19,691	188,888
<u>3,757</u>	<u>2,554</u>	<u>86,880</u>	<u>1,628,010</u>	<u>6,040,327</u>
-	-	-	131,515	1,121,624
-	-	-	282,218	700,614
-	-	-	-	20,144
-	-	-	-	1,139,194
-	-	-	10,233	173,270
-	-	-	-	359,377
1,157,023	987,575	-	582,790	2,727,388
-	-	1,232,267	1,666,246	2,898,513
<u>1,157,023</u>	<u>987,575</u>	<u>1,232,267</u>	<u>2,673,002</u>	<u>9,140,124</u>
(1,153,266)	(985,021)	(1,145,387)	(1,044,992)	(3,099,797)
870,000	-	-	820,000	1,690,000
-	-	-	-	1,830
256,794	985,376	38,364	142,537	1,911,709
(2,210)	-	(16,434)	(584,603)	(1,952,063)
<u>1,124,584</u>	<u>985,376</u>	<u>21,930</u>	<u>377,934</u>	<u>1,651,476</u>
(28,682)	355	(1,123,457)	(667,058)	(1,448,321)
<u>28,682</u>	<u>-</u>	<u>1,119,035</u>	<u>2,303,365</u>	<u>6,586,730</u>
\$ -	\$ 355	\$ (4,422)	\$ 1,636,307	\$ 5,138,409
\$ -	\$ -	\$ -	\$ 179,027	\$ 179,027
-	-	-	27,939	471,584
-	-	-	534,755	954,974
-	355	-	20,287	20,642
-	-	-	1,140,710	1,140,710
-	-	-	-	791,808
-	-	-	85,822	90,580
-	-	-	-	394,274
-	-	-	-	51,045
-	-	-	-	4,115
-	-	-	-	21,381
-	-	-	-	2,000
-	-	-	-	1,704
-	-	-	-	50,477
-	-	(4,422)	(352,233)	964,088
\$ -	\$ 355	\$ (4,422)	\$ 1,636,307	\$ 5,138,409

The accompanying notes are an integral part of the financial statements.

**CITY OF DEWITT
RECONCILIATION OF THE STATEMENT OF CASH
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
TO THE STATEMENT OF ACTIVITIES AND NET ASSETS
GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2012**

Total governmental fund cash balances (page 21) \$ 5,138,409

***Amounts reported for governmental activities in the Statement of Activities
and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The assets of the Internal Service Fund are included in governmental activities in the Statement of Activities and Net Assets.

9,215

Cash basis net assets of governmental activities (page 19) \$ 5,147,624

Net change in cash balances (page 21) \$ (1,448,321)

***Amounts reported for governmental activities in the Statement of Activities
and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

(939)

Change in cash balance of governmental activities (page 19) \$ (1,449,260)

The accompanying notes are an integral part of the financial statements.

CITY OF DEWITT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2012

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Water Revenue Sinking</u>	<u>Sewer Revenue Sinking</u>
OPERATING RECEIPTS				
Charges for services	\$ 597,260	\$ 848,863	\$ -	\$ -
Miscellaneous	<u>22,053</u>	<u>24,175</u>	<u>-</u>	<u>-</u>
Total operating receipts	<u>619,313</u>	<u>873,038</u>	<u>-</u>	<u>-</u>
OPERATING DISBURSEMENTS				
Governmental activities:				
Nonprogram	-	-	-	-
Business-type activities:	<u>462,633</u>	<u>543,212</u>	<u>13,720</u>	<u>25,700</u>
Total operating disbursements	<u>462,633</u>	<u>543,212</u>	<u>13,720</u>	<u>25,700</u>
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	<u>156,680</u>	<u>329,826</u>	<u>(13,720)</u>	<u>(25,700)</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS)				
Interest on investments	15,480	7,809	212	1,029
Bond proceeds	-	-	772,000	1,870,000
Insurance proceeds	17,052	-	-	-
Debt service	-	-	(836,520)	(2,050,770)
Capital outlay	<u>(3,026)</u>	<u>(49,329)</u>	<u>-</u>	<u>-</u>
Net non-operating receipts (disbursements)	<u>29,506</u>	<u>(41,520)</u>	<u>(64,308)</u>	<u>(179,741)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>186,186</u>	<u>288,306</u>	<u>(78,028)</u>	<u>(205,441)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	37,682	80,246	206,190
Operating transfers out	<u>(130,245)</u>	<u>(287,634)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)	<u>(130,245)</u>	<u>(249,952)</u>	<u>80,246</u>	<u>206,190</u>
NET CHANGE IN CASH BALANCES	55,941	38,354	2,218	749
CASH BALANCES BEGINNING OF YEAR	<u>498,636</u>	<u>800,525</u>	<u>773</u>	<u>-</u>
CASH BALANCES END OF YEAR	<u>\$ 554,577</u>	<u>\$ 838,879</u>	<u>\$ 2,991</u>	<u>\$ 749</u>
CASH BASIS FUND BALANCES				
Restricted:				
Debt service	\$ -	\$ -	\$ 2,991	\$ 749
Other purposes	-	-	-	-
Unrestricted	<u>554,577</u>	<u>838,879</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 554,577</u>	<u>\$ 838,879</u>	<u>\$ 2,991</u>	<u>\$ 749</u>

EXHIBIT D

<u>Nonmajor Proprietary Funds</u>	<u>Total</u>	<u>Internal Service Fund Payroll Clearing</u>
\$ 461,364	\$ 1,907,487	\$ -
14,495	60,723	523,572
<u>475,859</u>	<u>1,968,210</u>	<u>523,572</u>
-	-	525,715
457,400	1,502,665	-
<u>457,400</u>	<u>1,502,665</u>	<u>525,715</u>
18,459	465,545	(2,143)
9,722	34,252	-
-	2,642,000	-
-	17,052	-
-	(2,887,290)	-
(59,639)	(111,994)	-
<u>(49,917)</u>	<u>(305,980)</u>	<u>-</u>
(31,458)	159,565	(2,143)
318,579	642,697	-
(184,464)	(602,343)	-
<u>134,115</u>	<u>40,354</u>	<u>-</u>
102,657	199,919	(2,143)
<u>1,404,945</u>	<u>2,704,879</u>	<u>17,030</u>
\$ <u>1,507,602</u>	\$ <u>2,904,798</u>	\$ <u>14,887</u>
\$ -	\$ 3,740	\$ -
1,193,078	1,193,078	-
<u>314,524</u>	<u>1,707,980</u>	<u>14,887</u>
\$ <u>1,507,602</u>	\$ <u>2,904,798</u>	\$ <u>14,887</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DEWITT
RECONCILIATION OF THE STATEMENT OF CASH
RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
TO THE STATEMENT OF ACTIVITIES AND NET ASSETS
PROPRIETARY FUNDS
As of and for the Year Ended June 30, 2012

Total enterprise funds cash balances (page 24)	\$ 2,904,798
 <i>Amounts reported for business-type activities in the Statement of Activities and Net Assets are different because:</i>	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The assets of the Internal Service Fund are included in business-type activities in the Statement of Activities and Net Assets.	<u>5,672</u>
Cash basis net assets of business-type activities (page 19)	<u>\$ 2,910,470</u>
 Net change in cash balances (page 24)	 \$ 199,919
 <i>Amounts reported for business-type activities in the Statement of Activities and Net Assets are different because:</i>	
The Internal Service Fund is used by management to charge the costs of employee payroll to individual funds. The change in net assets of the Internal Service Fund is reported with business-type activities.	<u>(1,204)</u>
Change in cash balance of business-type activities (page 19)	<u>\$ 198,715</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of DeWitt is a political subdivision of the State of Iowa located in Clinton County. It operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of DeWitt has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Clinton County Assessor's Conference Board, Clinton County Emergency Management Commission, Regional Planning Affiliation Board, Clinton County Joint E911 Service Board, and Clinton County Area Solid Waste Agency.

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of activities and net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities and net assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities and net assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The DeWitt Economic Development TIF Fund is used to account for TIF rebate payments and transfers to the Debt Service DeWitt Economic Development TIF Fund for the payment of interest and principal of TIF debt.

The Local Option Sales Tax Fund is used to account for local option sales tax payments received from the state and funds are used for street improvements.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Debt Service:

The Road Use Tax Fund is utilized to account for road use taxes received from the State of Iowa to be used for road construction and maintenance.

The DeWitt Economic Development TIF Fund is used to account for the payment of interest and principal of the City's TIF debt.

Additionally, the City reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the City's water system.

The Sewer Utility Fund is used to account for the operation and maintenance of governmental facilities and sewer service that is supported by user charges.

The Water Revenue Sinking Fund is used to account for payments of principal and interest for the City's water revenue bonds.

The Sewer Revenue Sinking Fund is used to account for payments of principal and interest for the City's sewer revenue bonds.

The Internal Service Fund is utilized as a payroll clearing account.

C. Measurement Focus and Basis of Accounting

The City of DeWitt maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements did not exceed the amount budgeted.

F. Subsequent Events

Management has evaluated subsequent events through November 28, 2012, the date the financial statements were available to be issued.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - DEPOSITS

The City's deposits in banks at June 30, 2012 were entirely covered by Federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage City.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

NOTE 3 - BONDS, LOANS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation and revenue bonds, loans, and notes payable are as follows:

Year Ending	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
June 30, 2013	\$1,660,000	\$401,717	\$243,000	\$52,357	\$1,903,000	\$454,074
2014	1,645,000	358,069	250,000	47,044	1,895,000	405,113
2015	1,450,000	310,719	257,000	41,574	1,707,000	352,293
2016	1,440,000	277,206	257,000	35,947	1,697,000	313,153
2017	1,710,000	241,369	265,000	30,320	1,975,000	271,689
2018 - 2022	2,240,000	821,943	783,000	88,316	3,023,000	910,259
2023 - 2027	2,395,000	375,723	344,000	19,389	2,739,000	395,112
2028	820,000	98,400	-	-	820,000	98,400
Total	\$13,360,000	\$2,885,146	\$2,399,000	\$314,947	\$15,759,000	\$3,200,093

On April 1, 2012, the City issued \$870,000 of General Obligation Refunding Bonds, with interest rates ranging from 0.350% to 1.30%. The City issued the bonds to refund the City's 2005 Road Use Tax Refunding Bond, dated October 1, 2005 with interest rates ranging from 3.25% to 4.05%.

The current refunding decreased total debt service payments over the next 7 years by \$145,435. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$139,674.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)

On March 1, 2012, the City issued \$1,870,000 of Sewer Revenue Refunding Bonds with an interest rate of 2.30%. The City issued the bonds to refund the City's WWTP Sewer Revenue Bonds and SRF Sewer Revenue Bonds. The WWTP Sewer Revenue Bonds were dated April 3, 1997 with an interest rate of 3.00%. The SRF Sewer Revenue Bonds were dated December 12, 2005 with an interest rate of 3.00%.

The current refunding decreased total debt service payments over the next 14 years by \$55,607. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$35,931.

On March 1, 2012, the City issued \$772,000 of Water Revenue Refunding Bonds with an interest rate of 1.90%. The City issued the bonds to refund the City's SRF Water Revenue Bonds dated March 27, 2002 with an interest rate of 3.00%.

The current refunding decreased total debt service payments over the next 10 years by \$30,725. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$23,878.

On April 1, 2011, the City issued \$2,570,000 of General Obligation Refunding Bonds, with interest rates ranging from 1.20% to 3.65%. The City issued the bonds to refund the City's General Obligation Bonds, Series 2006, dated May 1, 2006 with interest rates ranging from 3.75% to 4.35%.

The current refunding decreased total debt service payments over the next 15 years by \$194,248. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$159,174.

On May 1, 2010, the City issued \$3,810,000 of General Obligation Urban Renewal and Refunding Bonds, with interest rates ranging from 1.00% to 2.85%. The City issued the bonds to provide funds to pay the costs of undertaking urban renewal projects in the DeWitt Economic Development City consisting of constructing street, water, sanitary and storm sewer and sidewalk improvements and installing street lighting and street signalization improvements; constructing a community gymnasium and recreation facility; and refunding the City's General Obligation Urban Renewal Refunding Bonds, Series 2005, dated April 1, 2005 with interest rates ranging from 2.75% to 3.30%.

The current refunding increased total debt service payments over the next 4 years by \$76,245. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,220.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)

On February 1, 2008, the City issued \$3,610,000 of General Obligation Bonds, with interest rates ranging from 3.50% to 4.10%. The City issued the bonds to provide funds to pay the cost of constructing street and related improvements, acquiring equipment for the police department and public works department and to advance refund \$1,770,000 of the outstanding Series 2002 General Obligation Bonds with interest rates ranging from 3.90% to 5.25%. The City used a portion of the net proceeds along with other resources to purchase U.S. Treasury Securities. These securities were deposited in an escrow account to provide for all future debt service on the refunded 2002 General Obligation Bonds. As a result, the Series 2002 General Obligation Bonds are considered defeased. The outstanding principal of the defeased bonds is \$1,310,000 at June 30, 2012.

The advance refunding increased total debt service payments over the next 5 years by \$60,269. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$85,817.

2012 Sewer Revenue Bonds

The City has pledged the net revenues of the Sewer Fund of the City to repay the \$1,870,000 2012 Sewer Revenue Bonds issued on March 1, 2012. Proceeds from the bonds provided financing to refund the City's 1997 WWTP Sewer Revenue Bonds and 2005 SRF Sewer Revenue Bonds. The bonds are payable solely from the net revenues of the Sewer Utility and are payable through 2026. The total interest and principal remaining to be paid on the bonds is \$1,936,006. For the current year, principal and interest paid and total customer net receipts for the City's Sewer Revenue Bonds were \$186,753 and \$329,826, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

There shall be and there is hereby created, and there shall be maintained, an account to be known as the "Sewer Revenue Bond Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of all of the Bonds and any Parity Obligations at any time outstanding as the same become due, and it is hereby determined that the minimum amounts to be set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than as follows:

An amount equal to 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding Bonds and any Parity Obligations, plus an amount equal to 1/12th of the installment of principal coming due on such Bonds and any Parity Obligations on the next succeeding principal payment date until the full amount of such installment is on deposit in the Sinking Fund.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and any Parity Obligations as the same shall become due and payable. Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

No further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire all of the Bonds and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

All of such payments required to be made into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day.

These shall be and there is hereby created a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments into the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and any Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

2012 Water Revenue Bonds

The City has pledged the net revenues of the Water System of the City to repay the \$772,000 2012 Water Revenue Bonds issued on March 1, 2012. Proceeds from the bonds provided financing to refund the City's 2002 SRF Water Revenue Bonds. The bonds are payable solely from the net revenues of the Water Utility and are payable through 2022. The total interest and principal remaining to be paid on the bonds is \$777,941. For the current year, principal and interest paid and total customer net receipts for the City's Water Revenue Bonds were \$70,667 and \$156,680, respectively.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - BONDS, LOANS AND NOTES PAYABLE (CONTINUED)

There shall be and there is hereby created, and there shall be maintained, an account to be known as the "Water Revenue Bond Sinking Fund" (herein referred to as the "Sinking Fund"), into which there shall be set aside from the future Net Revenues of the Utility such portion thereof as will be sufficient to pay the interest on and principal of all of the Bonds and any Parity Obligations at any time outstanding as the same become due, and it is hereby determined that the minimum amounts to be set aside into the Sinking Fund from the Net Revenues during each month of each year shall be not less than as follows:

An amount equal to 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding Bonds and any Parity Obligations, plus an amount equal to 1/12th of the installment of principal coming due on such Bonds and any Parity Obligations on the next succeeding principal payment date until the full amount of such installment is on deposit in the Sinking Fund.

Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and any Parity Obligations as the same shall become due and payable. Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth, provisions shall be made for additional payments to be made into the Sinking Fund for the purpose of paying the interest on and principal of such Parity Obligations.

If at any time there be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the Net Revenues of the Utility as soon as available, and the same shall be in addition to the amount otherwise required to be so set apart and paid into the Sinking Fund.

No further payments need be made into the Sinking Fund when and so long as the amount therein is sufficient to retire all of the Bonds and any Parity Obligations then outstanding which are payable from the Sinking Fund and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

All of such payments required to be made into the Sinking Fund shall be made in equal monthly installments on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding secular day.

These shall be and there is hereby created a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments into the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and any Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation of the Utility, may from time to time direct.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 - PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplemental information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$87,127, \$74,735, and \$65,081, respectively, equal to the required contributions for each year.

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplemental information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 17.00% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to the Plan for the years ended June 30, 2012, 2011, and 2010, were \$130,794, \$97,161, and \$83,282, respectively, which met the required minimum contribution for each year.

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 19 active members and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Healthcare. The monthly premium with United Healthcare is the same for active employees and retirees based on plan type.

Active employees pay 6% of the monthly premium. Retirees under the age of 65 pay 100% of the monthly premium plus a calculated amount to cover self-insurance of deductible/out-of-pocket reimbursements and administration.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$345 for single coverage, \$906 for employee/spouse coverage, \$655 for employee/child(ren) coverage and \$1,034 for employee/spouse/child(ren) coverage. There are no retirees participating in the plan. For the year ended June 30, 2012, the City contributed \$154,176 and plan members eligible for benefits contributed \$9,840 to the plan.

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate earned but unused vacation hours and personal days for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as expenditures by the City until used or paid. The City's approximate maximum liability for earned compensated absences payable to employees at June 30, 2012, primarily relating to the General Fund, was \$68,879. This liability has been computed based on rates of pay as of June 30, 2012.

City employees also accumulate sick leave hours for subsequent use. These accumulations are not recognized as disbursements by the City until used or paid. Upon termination, retirement, or death, these accumulations are forfeited by the employee.

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 488,638	\$ 14,891
Special Revenue:		
DeWitt Economic Development TIF	-	1,055,723
Local Option Sales Tax	-	278,202
Debt Service:		
Road Use Tax	256,794	2,210
DeWitt Economic Development TIF	985,376	-
Capital Projects:		
11 th Street Widening	38,364	16,434
Other Nonmajor Governmental Funds	142,537	584,603
Water Utility	-	130,245
Sewer Utility	37,682	287,634
Water Revenue Sinking	80,246	-
Sewer Revenue Sinking	206,190	-
Other Nonmajor Proprietary Funds	<u>318,579</u>	<u>184,464</u>
	<u>\$ 2,554,406</u>	<u>\$ 2,554,406</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 8 - COMMITTED CONSTRUCTION

As of June 30, 2012, the City had the following committed construction:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Portion at June 30, 2012</u>	
		<u>Completed</u>	<u>Committed</u>
6 th Avenue	\$ 463,367	\$ 317,152	\$ 146,215
East Side Storm Water Improvements	437,727	391,266	46,461
11 th Street West Resurfacing	1,404,609	34,960	1,369,649
2012 Street Maintenance	40,000	-	40,000
Cemetery Repaving	<u>47,989</u>	<u>-</u>	<u>47,989</u>
Total	<u>\$ 2,393,692</u>	<u>\$ 743,378</u>	<u>\$1,650,314</u>

CITY OF DEWITT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 - RISK MANAGEMENT

The City of DeWitt is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - DEFICIT BALANCE

The Springbrook Road/17th Street Capital Project Fund, the Inflow/Infiltration Project Fund, the 11th Street Widening Fund and the 2011 Housing Grant Fund all had a deficit balances at of June 30, 2012. The Springbrook Road/17th Street Capital Project Fund had a deficit balance of \$334,141, the Inflow/Infiltration Project Fund had a deficit balance of \$13,635, the 11th Street Widening Fund had a deficit balance of \$4,422 and the 2011 Housing Grant Fund had a deficit balance of \$4,457. The deficit balance in the Springbrook Road/17th Street Capital Project Fund was a result of an agreement between the City and a local developer to share in the cost of a new street. Due to financial difficulties, the developer has not been able to repay the portion owed to the City. However, arrangements have been made for the funds to be paid back over a longer period of time. The deficit balance will be eliminated upon receipt of the funds owed to the City. The deficit balances in the Inflow/Infiltration Project Fund, the 11th Street Widening Fund and the 2011 Housing Grant Fund are all due to project costs incurred prior to receipt of funds. These balances will be eliminated upon the receipt of funds.

NOTE 11 - DEVELOPMENT AND REBATE AGREEMENTS

The City has entered into development agreements authorizing the payment of economic development tax rebate payments, pursuant to Chapters 15A and 403 of the Code of Iowa. The maximum amount to be paid to recipients under these agreements totals \$1,990,070.

During the year ended June 30, 2012, the City rebated \$91,612.

This information is an integral part of the accompanying financial statements.

OTHER INFORMATION

CITY OF DEWITT
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
Year Ended June 30, 2012

	Governmental Fund Types	Proprietary Fund Type	Less Funds Not Required to be
	<u>Actual</u>	<u>Actual</u>	<u>Budgeted</u>
RECEIPTS			
Property taxes	\$ 2,264,327	\$ -	\$ -
Tax increment financing collections	1,386,765	-	-
Other city taxes	687,189	-	-
Licenses and permits	81,853	-	-
Use of money and property	95,550	34,252	-
Intergovernmental	872,991	-	-
Charges for services	462,764	1,907,487	-
Miscellaneous	188,888	3,243,347	523,572
Total receipts	<u>6,040,327</u>	<u>5,185,086</u>	<u>523,572</u>
DISBURSEMENTS			
Public safety	1,121,624	-	-
Public works	700,614	-	-
Health and social services	20,144	-	-
Culture and recreation	1,139,194	-	-
Community and economic development	173,270	-	-
General government	359,377	-	-
Debt service	2,727,388	-	-
Capital projects	2,898,513	-	-
Business-type activities	-	4,501,949	-
Nonprogram	-	525,715	525,715
Total disbursements	<u>9,140,124</u>	<u>5,027,664</u>	<u>525,715</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,099,797)	157,422	(2,143)
OTHER FINANCING SOURCES, (NET)	<u>1,651,476</u>	<u>40,354</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(1,448,321)	197,776	(2,143)
BALANCES BEGINNING OF YEAR	<u>6,586,730</u>	<u>2,721,909</u>	<u>17,030</u>
BALANCES END OF YEAR	<u>\$ 5,138,409</u>	<u>\$ 2,919,685</u>	<u>\$ 14,887</u>

<u>Net</u>	<u>Budgeted Amounts</u>		Final to Actual Variance - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>(Negative)</u>
\$ 2,264,327	\$ 2,282,480	\$ 2,282,480	\$ (18,153)
1,386,765	1,350,000	1,350,000	36,765
687,189	604,117	682,382	4,807
81,853	85,515	86,215	(4,362)
129,802	135,454	139,504	(9,702)
872,991	1,343,872	1,712,931	(839,940)
2,370,251	2,425,923	2,416,565	(46,314)
2,908,663	160,987	286,715	2,621,948
<u>10,701,841</u>	<u>8,388,348</u>	<u>8,956,792</u>	<u>1,745,049</u>
1,121,624	1,196,622	1,192,256	70,632
700,614	686,995	945,071	244,457
20,144	23,700	26,200	6,056
1,139,194	1,140,148	1,243,660	104,466
173,270	303,575	272,375	99,105
359,377	379,879	385,356	25,979
2,727,388	1,715,634	2,719,390	(7,998)
2,898,513	3,075,000	3,823,387	924,874
4,501,949	1,953,442	4,633,340	131,391
-	-	-	-
<u>13,642,073</u>	<u>10,474,995</u>	<u>15,241,035</u>	<u>1,598,962</u>
(2,940,232)	(2,086,647)	(6,284,243)	3,344,011
<u>1,691,830</u>	<u>500</u>	<u>4,333,830</u>	<u>(2,642,000)</u>
(1,248,402)	(2,086,147)	(1,950,413)	702,011
<u>9,291,609</u>	<u>5,813,938</u>	<u>12,803,344</u>	<u>(3,511,735)</u>
<u>\$ 8,043,207</u>	<u>\$ 3,727,791</u>	<u>\$ 10,852,931</u>	<u>\$ (2,809,724)</u>

CITY OF DEWITT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION -
BUDGETARY REPORTING
June 30, 2012

The budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Permanent Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$4,766,040. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the debt service function.

SUPPLEMENTAL INFORMATION

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2012

	Special Revenue				
	<u>Road Use Tax</u>	<u>Road Use Tax Reserve</u>	<u>Road Use Equipment Replacement</u>	<u>Local Option Sales Tax Equipment Reserve</u>	<u>Economic Development Revolving Loan Fund</u>
RECEIPTS					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other city taxes					
Utility replacement tax	-	-	-	-	-
Total other city taxes	-	-	-	-	-
Use of money and property					
Interest on investments	-	2,795	183	-	275
Intergovernmental					
Road use tax	504,798	-	-	-	-
Local grants	-	-	-	-	-
State grants	-	-	-	-	-
Total intergovernmental	504,798	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total receipts	504,798	2,795	183	-	275
DISBURSEMENTS					
Public safety	-	-	-	-	-
Public works	282,218	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	282,218	-	-	-	-
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>222,580</u>	<u>2,795</u>	<u>183</u>	<u>-</u>	<u>275</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of bonds	-	-	-	-	-
Operating transfers in	8,979	-	-	35,000	-
Operating transfers out	(104,159)	(152,635)	-	-	-
Total other financing sources (uses)	(95,180)	(152,635)	-	35,000	-
NET CHANGE IN CASH BALANCES	127,400	(149,840)	183	35,000	275
CASH BALANCES BEGINNING OF YEAR	<u>322,927</u>	<u>149,840</u>	<u>25,745</u>	<u>23,500</u>	<u>38,571</u>
CASH BALANCES END OF YEAR	<u>\$ 450,327</u>	<u>\$ -</u>	<u>\$ 25,928</u>	<u>\$ 58,500</u>	<u>\$ 38,846</u>
CASH BASIS FUND BALANCES					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Urban renewal purposes	-	-	-	-	-
Streets	450,327	-	25,928	58,500	-
Debt service	-	-	-	-	-
Capital improvements and equipment	-	-	-	-	-
Other purposes	-	-	-	-	38,846
Unassigned	-	-	-	-	-
Total cash basis fund balances	<u>\$ 450,327</u>	<u>\$ -</u>	<u>\$ 25,928</u>	<u>\$ 58,500</u>	<u>\$ 38,846</u>

Special Revenue				
DeWitt Economic Development TIF Reserve	Retirement Benefits	Employee Benefits	Police Capital Improvements	SSMID
\$ -	\$ 130,437	\$ 243,508	\$ -	\$ 6,043
-	3,561	6,643	-	-
-	3,561	6,643	-	-
-	88	-	137	-
-	-	-	-	-
-	-	-	-	-
-	-	-	250	-
-	-	-	2,380	-
-	134,086	250,151	2,767	6,043
-	130,793	-	722	-
-	-	-	-	-
-	-	-	-	10,233
-	-	-	-	-
-	130,793	-	722	10,233
-	3,293	250,151	2,045	(4,190)
-	-	-	-	-
27,939	-	-	-	14,891
-	-	(250,151)	-	-
27,939	-	(250,151)	-	14,891
27,939	3,293	-	2,045	10,701
-	14,904	-	10,295	5,738
\$ 27,939	\$ 18,197	\$ -	\$ 12,340	\$ 16,439
\$ -	\$ -	\$ -	\$ -	\$ -
27,939	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	18,197	-	12,340	16,439
-	-	-	-	-
\$ 27,939	\$ 18,197	\$ -	\$ 12,340	\$ 16,439

CITY OF DEWITT
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the Year Ended June 30, 2012

	Debt Service	Capital Projects			
	Debt Service	2011 Housing Grant	Westbrook BB Diamond Improvement	11th Street West	East Side Storm Water Project
RECEIPTS					
Property taxes	\$ 537,213	\$ -	\$ -	\$ -	\$ -
Other city taxes					
Utility replacement tax	12,325	-	-	-	-
Total other city taxes	12,325	-	-	-	-
Use of money and property					
Interest on investments	1,167	-	467	2,787	1,052
Intergovernmental					
Road use tax	-	-	-	-	-
Local grants	-	-	-	-	-
State grants	-	-	-	-	150,985
Total intergovernmental	-	-	-	-	150,985
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total receipts	550,705	-	467	2,787	152,037
DISBURSEMENTS					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	582,790	-	-	-	-
Capital projects	-	4,457	196,397	64,575	493,389
Total disbursements	582,790	4,457	196,397	64,575	493,389
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,085)	(4,457)	(195,930)	(61,788)	(341,352)
OTHER FINANCING SOURCES (USES)					
Proceeds of bonds	-	-	-	820,000	-
Operating transfers in	-	-	930	-	-
Operating transfers out	-	-	-	(76,728)	(930)
Total other financing sources (uses)	-	-	930	743,272	(930)
NET CHANGE IN CASH BALANCES	(32,085)	(4,457)	(195,000)	681,484	(342,282)
CASH BALANCES BEGINNING OF YEAR	52,372	-	195,000	76,370	423,545
CASH BALANCES END OF YEAR	\$ 20,287	\$ (4,457)	\$ -	\$ 757,854	\$ 81,263
CASH BASIS FUND BALANCES					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Urban renewal purposes	-	-	-	-	-
Streets	-	-	-	-	-
Debt service	20,287	-	-	-	-
Capital improvements and equipment	-	-	-	757,854	81,263
Other purposes	-	-	-	-	-
Unassigned	-	(4,457)	-	-	-
Total cash basis fund balances	\$ 20,287	\$ (4,457)	\$ -	\$ 757,854	\$ 81,263

**SCHEDULE 1
(Continued)**

<u>Capital Projects</u>			<u>Permanent</u>	
<u>6th Avenue</u>	<u>Springbrook Road/ 17th Street</u>	<u>Inflow/ Infiltration Project</u>	<u>Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 917,201
-	-	-	-	22,529
-	-	-	-	22,529
-	-	1,955	-	10,906
-	-	-	-	504,798
-	-	1,650	-	1,650
-	-	-	-	150,985
-	-	1,650	-	657,433
-	-	-	-	250
61	13,000	2,100	2,150	19,691
61	13,000	5,705	2,150	1,628,010
-	-	-	-	131,515
-	-	-	-	282,218
-	-	-	-	10,233
-	-	-	-	582,790
3,171	-	904,257	-	1,666,246
3,171	-	904,257	-	2,673,002
(3,110)	13,000	(898,552)	2,150	(1,044,992)
-	-	-	-	820,000
-	-	54,798	-	142,537
-	-	-	-	(584,603)
-	-	54,798	-	377,934
(3,110)	13,000	(843,754)	2,150	(667,058)
304,703	(347,141)	830,119	176,877	2,303,365
<u>\$ 301,593</u>	<u>\$ (334,141)</u>	<u>\$ (13,635)</u>	<u>\$ 179,027</u>	<u>\$ 1,636,307</u>
\$ -	\$ -	\$ -	\$ 179,027	\$ 179,027
-	-	-	-	27,939
-	-	-	-	534,755
-	-	-	-	20,287
301,593	-	-	-	1,140,710
-	-	-	-	85,822
-	(334,141)	(13,635)	-	(352,233)
<u>\$ 301,593</u>	<u>\$ (334,141)</u>	<u>\$ (13,635)</u>	<u>\$ 179,027</u>	<u>\$ 1,636,307</u>

CITY OF DEWITT
 COMBINING SCHEDULE OF CASH RECEIPTS,
 DISBURSEMENTS AND CHANGES IN CASH BALANCES
 NONMAJOR PROPRIETARY FUNDS
 As of and for the Year Ended June 30, 2012

	Storm Water Utility	Storm Water Equipment Replacement	Water Utility Equipment Replacement	Water Meter Deposit
OPERATING RECEIPTS				
Charges for services	\$ 100,053	\$ -	\$ -	\$ -
Miscellaneous	265	-	-	14,230
Total operating receipts	<u>100,318</u>	<u>-</u>	<u>-</u>	<u>14,230</u>
OPERATING DISBURSEMENTS				
Business-type activities:	90,565	-	-	9,620
Total operating disbursements	<u>90,565</u>	<u>-</u>	<u>-</u>	<u>9,620</u>
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	<u>9,753</u>	<u>-</u>	<u>-</u>	<u>4,610</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS)				
Interest on investments	1,762	1,331	1,446	-
Capital outlay	(12,486)	-	(47,153)	-
Net non-operating receipts (disbursements)	<u>(10,724)</u>	<u>1,331</u>	<u>(45,707)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(971)</u>	<u>1,331</u>	<u>(45,707)</u>	<u>4,610</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	32,135	45,000	50,000	-
Operating transfers out	(45,000)	-	-	-
Total other financing sources (uses)	<u>(12,865)</u>	<u>45,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN CASH BALANCES	<u>(13,836)</u>	<u>46,331</u>	<u>4,293</u>	<u>4,610</u>
CASH BALANCES BEGINNING OF YEAR	<u>238,281</u>	<u>60,761</u>	<u>160,419</u>	<u>31,481</u>
CASH BALANCES END OF YEAR	<u>\$ 224,445</u>	<u>\$ 107,092</u>	<u>\$ 164,712</u>	<u>\$ 36,091</u>
CASH BASIS FUND BALANCES				
Restricted:				
Other purposes	\$ -	\$ 107,092	\$ 164,712	\$ 36,091
Unrestricted	<u>224,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 224,445</u>	<u>\$ 107,092</u>	<u>\$ 164,712</u>	<u>\$ 36,091</u>

SCHEDULE 2

Enterprise funds					
Sewer Improvement Equipment Replacement	Sewer Bond Reserve	Sewer Improvement and Extension	Sewer Utility Equipment Replacement	Garbage and Recycling Collection	Total
\$ -	\$ -	\$ -	\$ -	\$ 361,311	\$ 461,364
-	-	-	-	-	14,495
-	-	-	-	361,311	475,859
-	-	28,788	-	328,427	457,400
-	-	28,788	-	328,427	457,400
-	-	(28,788)	-	32,884	18,459
4,248	-	-	522	413	9,722
-	-	-	-	-	(59,639)
4,248	-	-	522	413	(49,917)
4,248	-	(28,788)	522	33,297	(31,458)
48,444	-	18,000	125,000	-	318,579
(29,464)	(110,000)	-	-	-	(184,464)
18,980	(110,000)	18,000	125,000	-	134,115
23,228	(110,000)	(10,788)	125,522	33,297	102,657
530,364	110,000	158,722	58,135	56,782	1,404,945
\$ 553,592	\$ -	\$ 147,934	\$ 183,657	\$ 90,079	\$ 1,507,602
\$ 553,592	\$ -	\$ 147,934	\$ 183,657	\$ -	\$ 1,193,078
-	-	-	-	90,079	314,524
\$ 553,592	\$ -	\$ 147,934	\$ 183,657	\$ 90,079	\$ 1,507,602

SCHEDULE 3

CITY OF DEWITT
 SCHEDULE OF INDEBTEDNESS
 Year Ended June 30, 2012

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance, Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance, End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
General obligation bonds									
2008 Urban Renewal	April 1, 2008	2.400% - 3.550%	\$ 2,240,000	\$ 1,365,000	\$ -	\$ 100,000	\$ 1,265,000	\$ 47,008	\$ -
2008 Refunding	February 1, 2008	3.500% - 4.100%	3,610,000	3,060,000	-	185,000	2,875,000	117,160	-
Series 2009A	April 1, 2009	2.000% - 4.300%	1,170,000	1,045,000	-	60,000	985,000	38,660	-
Series 2009B	April 1, 2009	1.900% - 2.600%	1,755,000	1,255,000	-	500,000	755,000	29,130	-
2010 Refunding	May 1, 2010	1.000% - 2.850%	3,810,000	3,535,000	-	225,000	3,310,000	84,728	-
2011 Refunding	April 1, 2011	1.200% - 3.650%	-	2,570,000	-	90,000	2,480,000	80,982	-
2012 Refunding	April 1, 2012	0.350% - 1.300%	870,000	-	870,000	-	870,000	-	-
2012 Urban Renewal	April 1, 2012	3.000%	820,000	-	820,000	-	820,000	-	-
Total			\$ 14,275,000	\$ 12,830,000	\$ 1,690,000	\$ 1,160,000	\$ 13,360,000	\$ 397,668	\$ -
Revenue bonds									
97 WWTP Sewer Revenue	April 3, 1997	3.000%	1,500,000	575,000	-	575,000	-	12,938	-
2002 SRF Water Revenue	March 27, 2002	3.000%	1,100,000	749,000	-	749,000	-	16,853	-
2005 Road Use Refunding	October 1, 2005	3.250% - 4.050%	1,640,000	1,085,000	-	1,085,000	-	41,165	-
2005 SRF Sewer Revenue	December 12, 2005	3.000%	1,599,000	1,248,000	-	1,248,000	-	28,080	-
2012 Sewer Revenue Refunding	March 1, 2012	2.300%	1,870,000	-	1,870,000	176,000	1,694,000	10,753	-
2012 Water Revenue Refunding	March 1, 2012	1.900%	772,000	-	772,000	67,000	705,000	3,667	-
Total			\$ 8,481,000	\$ 3,657,000	\$ 2,642,000	\$ 3,900,000	\$ 2,399,000	\$ 113,456	\$ -
Loans									
2008 DNR Loan	September 30, 2008	0.000%	\$ 31,214	\$ 9,214	\$ -	\$ 9,214	\$ -	\$ -	\$ -

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2012

Year Ending June 30,	General Obligation Bonds											
	Series 2008 Urban Renewal Issued April 1, 2008				Series 2008 Refunding Issued February 1, 2008				Series 2009A Issued April 1, 2009			
	Interest Rate	Principal	Interest		Interest Rate	Principal	Interest		Interest Rate	Principal	Interest	
2013	3.350%	\$ 500,000	\$ 43,908		3.500%	\$ 190,000	\$ 110,685		2.500%	\$ 125,000	\$ 38,660	
2014	3.550%	765,000	27,158		3.500%	200,000	104,035		2.500%	-	35,535	
2015		-	-		3.500%	200,000	97,035		3.000%	140,000	35,535	
2016		-	-		3.500%	210,000	90,035		3.000%	-	31,335	
2017		-	-		3.625%	220,000	82,685		3.500%	155,000	31,335	
2018		-	-		3.625%	-	74,710		3.500%	-	25,910	
2019		-	-		4.000%	465,000	74,710		4.000%	165,000	25,910	
2020		-	-		4.000%	-	56,110		4.000%	-	19,310	
2021		-	-		4.000%	500,000	56,110		4.100%	185,000	19,310	
2022		-	-		4.000%	-	36,110		4.200%	100,000	11,725	
2023		-	-		4.000%	380,000	36,110		4.300%	115,000	7,525	
2024		-	-		4.000%	-	20,910			-	-	
2025		-	-		4.000%	-	20,910			-	-	
2026		-	-		4.000%	-	20,910			-	-	
2027		-	-		4.100%	510,000	20,910			-	-	
TOTAL		\$ 1,265,000	\$ 71,066			\$ 2,875,000	\$ 901,975			\$ 985,000	\$ 282,090	

SCHEDULE 4
(CONTINUED)

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2012

Year Ending June 30,	General Obligation Bonds											
	Series 2009B			Series 2010 Refunding			Series 2011 Refunding			Series 2011 Refunding		
	Issued April 1, 2009	Issued April 1, 2009	Issued April 1, 2009	Issued May 1, 2010	Issued May 1, 2010	Issued May 1, 2010	Issued April 1, 2011	Issued April 1, 2011	Issued April 1, 2011	Issued April 1, 2011	Issued April 1, 2011	Issued April 1, 2011
Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	
2013	2.350%	\$ 400,000	\$ 18,630	1.550%	\$ 225,000	\$ 82,150	\$ 100,000	1.200%	\$ 100,000	\$ 73,673		
2014	2.600%	355,000	9,230	1.900%	100,000	78,663	100,000	1.500%	100,000	72,473		
2015	-	-	-	2.250%	885,000	76,763	100,000	1.850%	100,000	70,973		
2016	-	-	-	2.550%	1,000,000	56,850	105,000	1.950%	105,000	69,323		
2017	-	-	-	2.850%	1,100,000	31,350	110,000	2.200%	110,000	67,274		
2018	-	-	-	-	-	-	110,000	2.450%	110,000	64,854		
2019	-	-	-	-	-	-	115,000	2.600%	115,000	62,160		
2020	-	-	-	-	-	-	115,000	2.900%	115,000	59,170		
2021	-	-	-	-	-	-	115,000	3.000%	115,000	55,834		
2022	-	-	-	-	-	-	120,000	3.200%	120,000	52,385		
2023	-	-	-	-	-	-	330,000	3.300%	330,000	48,545		
2024	-	-	-	-	-	-	340,000	3.450%	340,000	37,655		
2025	-	-	-	-	-	-	355,000	3.550%	355,000	25,925		
2026	-	-	-	-	-	-	365,000	3.650%	365,000	13,323		
TOTAL		\$ 755,000	\$ 27,860		\$ 3,310,000	\$ 325,776		\$ 2,480,000		\$ 773,567		

CITY OF DEWITT
BOND AND NOTE MATURITIES
June 30, 2012

Year Ending June 30,	General Obligation Bonds									
	Series 2012 Refunding Issued April, 2012					Series 2012 Urban Renewal Issued April, 2012				
	Interest Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest	Total
2013	0.350%	\$ 120,000	\$ 7,361	3.000%	\$ -	\$ 26,650				\$ 401,717
2014	0.450%	125,000	6,375	3.000%	-	24,600				358,069
2015	0.600%	125,000	5,813	3.000%	-	24,600				310,719
2016	0.750%	125,000	5,063	3.000%	-	24,600				277,206
2017	0.900%	125,000	4,125	3.000%	-	24,600				241,369
2018	1.100%	125,000	3,000	3.000%	-	24,600				193,074
2019	1.300%	125,000	1,625	3.000%	-	24,600				189,005
2020		-	-	3.000%	-	24,600				159,190
2021		-	-	3.000%	-	24,600				155,854
2022		-	-	3.000%	-	24,600				124,820
2023		-	-	3.000%	-	24,600				825,000
2024		-	-	3.000%	-	24,600				340,000
2025		-	-	3.000%	-	24,600				355,000
2026		-	-	3.000%	-	24,600				365,000
2027		-	-	3.000%	-	24,600				510,000
2028		-	-	3.000%	-	24,600				-
2029		-	-	3.000%	-	24,600				-
2030		-	-	3.000%	-	24,600				-
2031		-	-	3.000%	-	24,600				-
TOTAL		\$ 870,000	\$ 33,362		\$ 820,000	\$ 469,450				\$ 2,885,146

CITY OF DEWITT
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
 For the Last Eight Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
RECEIPTS								
Property taxes	\$ 2,264,327	\$ 2,145,806	\$ 2,018,679	\$ 1,902,104	\$ 1,823,987	\$ 1,285,975	\$ 1,142,889	\$ 1,139,494
Tax increment financing collections	1,386,765	1,319,620	1,284,897	1,325,915	1,264,348	1,224,276	1,298,484	1,284,915
Other city taxes	687,189	610,041	678,090	547,681	662,819	479,487	501,753	512,877
Licenses and permits	81,853	85,203	62,521	77,702	71,646	76,584	79,090	95,035
Use of money and property	95,550	136,998	166,600	173,482	163,778	126,564	92,956	84,229
Intergovernmental	872,991	1,455,398	1,839,501	795,905	1,601,701	1,052,412	642,253	835,795
Charges for services	462,764	409,368	411,704	374,195	368,630	402,619	377,353	369,882
Miscellaneous	188,888	252,847	187,360	318,081	168,856	451,219	266,159	424,702
TOTAL RECEIPTS	\$ 6,040,327	\$ 6,415,281	\$ 6,649,352	\$ 5,515,065	\$ 6,125,765	\$ 5,099,136	\$ 4,400,937	\$ 4,746,929
DISBURSEMENTS								
Public safety	\$ 1,121,624	\$ 1,069,664	\$ 1,131,735	\$ 1,125,938	\$ 1,126,232	\$ 1,126,357	\$ 958,730	\$ 1,108,695
Public works	700,614	585,407	602,046	826,198	421,235	558,330	648,813	495,211
Health and social services	20,144	16,340	12,779	9,930	9,447	9,472	8,569	9,164
Culture and recreation	1,139,194	1,091,740	922,275	850,971	856,583	789,078	755,013	1,001,691
Community and economic development	173,270	125,239	86,543	99,217	79,739	81,814	60,113	57,533
General government	359,377	350,299	498,466	315,902	393,751	298,622	277,962	278,295
Debt service	2,727,388	2,739,057	3,758,890	3,259,523	2,018,683	3,426,315	2,248,872	1,366,230
Capital projects	2,898,513	3,095,434	3,380,588	612,324	3,192,147	1,481,876	1,185,102	2,202,277
TOTAL DISBURSEMENTS	\$ 9,140,124	\$ 9,073,180	\$ 10,393,322	\$ 7,100,003	\$ 8,097,817	\$ 7,771,864	\$ 6,143,174	\$ 6,519,096

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of DeWitt, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City of DeWitt, Iowa's basic financial statements listed in the table of contents, and have issued our report thereon dated November 28, 2012. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City of the City of DeWitt, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of DeWitt, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as item II-A-12 that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeWitt, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings and Responses.

We also noted one other matter that we reported to management of the City of DeWitt, Iowa, in a separate letter dated November 28, 2012.

Comments involving statutory and other legal matters about the City of DeWitt, Iowa's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of DeWitt, Iowa. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of DeWitt, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the City of DeWitt, Iowa's responses, we did not audit the City of DeWitt, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of DeWitt, Iowa and other parties to whom the City of DeWitt, Iowa may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of DeWitt, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
November 28, 2012

CITY OF DEWITT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012

Part I - Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiencies identified that are not
 considered to be material weaknesses? x yes none reported
- Noncompliance material to financial statements noted? yes x no

CITY OF DEWITT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012

Part II - Findings Related to the Financial Statements:

Internal Control Deficiencies:

II-A-12 Segregation of Duties

Criteria - The City does not have effective internal controls to safeguard assets, and prevent or detect and correct misstatements on a timely basis, as a result of a lack of segregation of duties. Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement to the financial statements could occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. Due to the small number of people employed in administrative functions, the City may not be able to fully achieve an ideal segregation of duties.

Condition - Although there are four individuals with accounting and financial duties in the Business Office, at various times employees have the ability to initiate, authorize and record transactions. The Receptionist is able to accept payments, record payments received, prepare deposits slips and reconcile accounts. The Finance Director is also able to accept payments, record payments received and reconcile accounts. In addition, the Finance Director has complete control over the general ledger. The Utility Billing Clerk prepares billings and is also able to post payments to customer accounts. Finally, the City Clerk and Finance Director both have access to blank check stock and are both able to prepare checks, sign checks and transfer funds. As a result, all of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing.

Effect - As a result of these conditions, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

Cause - The entity has a limited number of personnel performing accounting functions.

Recommendation - The City should be aware of the lack of segregation of duties and regularly review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected and corrected.

Response - The City recognizes that it would not be cost effective to hire additional personnel to maximize the segregation of accounting duties due to its size. However, the City will review current internal control policies and procedures and implement additional procedures in the future.

Conclusion - Response accepted.

**CITY OF DEWITT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012**

Part II - Findings Related to the Financial Statements (continued)

Instances of Non-compliance:

No matters were noted.

Part III - Other Findings Related to Required Statutory Reporting:

- III-A-12 Certified budget - Disbursements during the year ended June 30, 2012 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."
- Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response - The budget will be amended in the future, if applicable.
- Conclusion - Response accepted.
- III-B-12 Questionable disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-12 Travel expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-12 Business transactions - No business transactions between the City and City officials or employees were noted.
- III-E-12 Bond coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- III-F-12 Council minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-12 Deposits and investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-H-12 Revenue bonds and notes - No instances of non-compliance with the revenue bond and note resolutions were noted.

CITY OF DEWITT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012

Part III - Other Findings Related to Required Statutory Reporting (continued)

III-I-12 Financial condition - The Springbrook Road/17th Street Capital Project Fund, the Inflow/Infiltration Project Fund, the 11th Street Widening Fund and the 2011 Housing Grant Fund all had a deficit balances at of June 30, 2012. The Springbrook Road/17th Street Capital Project Fund had a deficit balance of \$334,141, the Inflow/Infiltration Project Fund had a deficit balance of \$13,635, the 11th Street Widening Fund had a deficit balance of \$4,422 and the 2011 Housing Grant Fund had a deficit balance of \$4,457. The deficit balance in the Springbrook Road/17th Street Capital Project Fund was a result of an agreement between the City and a local developer to share in the cost of a new street. Due to financial difficulties, the developer has not been able to repay the portion owed to the City. The deficit balances in the Inflow/Infiltration Project Fund, the 11th Street Widening Fund and the 2011 Housing Grant Fund are all due to project costs incurred prior to receipt of funds.

Recommendation - The City should investigate alternatives to eliminate the deficit in order to return the fund to a sound financial position.

Response - Regarding the Springbrook Road/17th Street Capital Project Fund, arrangements have been made with the developer for the funds to be paid back over a longer period of time. The deficit balance will be eliminated upon receipt of funds owed to the City. The deficit balances in the Inflow/Infiltration Project Fund, the 11th Street Widening Fund and the 2011 Housing Grant Fund are all due to project costs incurred prior to receipt of funds. These balances will be eliminated upon the receipt of funds.

Conclusion - Response accepted.



**Winkel, Parker
& Foster, CPA PC**

Certified Public Accountants & Consultants

November 28, 2012

To the Honorable Mayor and
Members of the City Council
City of DeWitt, Iowa
DeWitt, Iowa

We have completed our audit of the City of DeWitt, Iowa's financial statements as of and for the year ended June 30, 2012, and have issued our report dated November 28, 2012. In connection with our audit engagement, we noted the following matter which we would like to bring to your attention.

Time card approval

Our audit procedures included testing internal controls over the payroll cycle. At present, the City requires employees to complete and submit a time card indicating hours worked during the pay period. Our tests indicated that employee time cards do not always contain documentation of approval by supervisors.

It was also noted that one employee tested was paid for one additional hour than was actually worked per the time card.

Since time cards are the source document supporting the City's labor expenses, we recommend that employees be required to sign the time card and submit them to their supervisor for approval. We also recommend that the payroll clerk review the time cards for accuracy and approval prior to the processing of payroll. We believe that these procedures will increase the City's control over payroll costs, accurate recording, and help ensure that wages are paid for work actually performed.

This letter is intended solely for the information and use of management, the Mayor and members of the City Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
November 28, 2012